

## **EXHIBIT B**

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

DELPHI CORPORATION, et al.

Chapter 11  
Case No. 05-44481 (RDD)  
Jointly Administered

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DELPHI CORPORATION, et al.,

Plaintiffs,

Adv. Pro. No. 07-02198(RDD)

Against

AFFINIA GROUP HOLDINGS, INC.,  
AFFINIA CANADA CORP., BRAKE  
PARTS, INC., ITAPSA S.A. DE C.V.  
AND WIX FILTRATION  
PRODUCTS EUROPE

Defendants.  
\_\_\_\_\_ /

**DECLARATION OF CHARLES H. MENDELJIAN**

1. I was the Vice President for Customer Financial Services for the Affinia group of companies (collectively “the Affinia Companies”) in 2005.

2. I make this Declaration upon personal knowledge and if called as a witness would testify to the facts contained herein.

3. I oversaw the credit arrangements of all Affinia Companies doing business with Delphi Corporation and its various affiliates (collectively, "Delphi"). Among the Delphi affiliates was Delphi Automotive Systems, LLC ("DAS").

4. The Affinia Companies included Affinia Group Inc. ("Group"), Brake Parts, Inc. ("Brake") and Affinia Canada, Ltd. ("Canada"), among other companies.

5. Brake was the Affinia Companies' United States manufacturer of brake parts. Brake had contracts with Delphi to provide only a limited volume of parts.

6. Canada was the Affinia Companies' main supplier to Delphi, supplying the great majority of all parts the Affinia Companies supplied to Delphi. I estimate that in excess of ninety percent (90%) of the parts provided by the Affinia Companies to Delphi were from Canada's plant in Ontario, Canada, under contracts between Delphi and Canada.

7. In 2005, the Affinia Companies knew that Delphi was actively trying to resource its business from the Affinia Companies to alternative suppliers. Resourcing is generally a time consuming process, because the customer needs to locate alternative suppliers, take bids from the alternative suppliers, in some instances have new tooling made, and build up an inventory bank of parts to facilitate the move. During the resourcing process, the customer needs cooperation from the supplier. Once the resourcing process is complete to the extent the customer's supply of parts from the alternative supplier is assured, the customer no longer needs the supplier. It is not uncommon in the automotive industry for a customer, after it has resourced from a supplier to an alternative supplier, to delay or refuse payment to the former supplier.

8. Because of the pending resourcing and concerns about Delphi's viability, on August 9, 2005, the Affinia Companies deemed themselves insecure and made a demand for adequate assurance of future performance from Delphi.

9. As a result, the Affinia Companies and Delphi entered into an Agreement dated August 15, 2005 (the "Agreement"), whereby Delphi agreed to accelerate payment for previously delivered parts and to pay for component parts delivered on or after August 15, 2005 on a "net immediate" basis.

10. By August 23, 2005, Delphi was in breach of the payment terms under the Agreement.

11. Accordingly, the Affinia Companies told Delphi that Canada would cease providing Delphi with parts unless Delphi paid Canada advance deposits against future shipments to be made by Canada (with the deposits to be held as security). The advance deposits were in rounded dollar amounts because they were based on estimates, as opposed to being based upon actual shipments of parts.

12. Due to Delphi's urgency in securing parts from Canada, and difficulties Delphi was experiencing in sending funds on an expedited basis to Canada's bank accounts in Canada, it was agreed that Delphi would wire transfer the advance deposits to Group, with Group serving as a mere conduit of the funds on Canada's behalf. Upon Group's receipt of the funds from Delphi, Canada would supply Delphi with the parts for which the deposits served as security, and Group would transfer the deposits to Canada.

13. I have seen the proposed First Amended Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 547 and 550 (the "Amended Complaint") against Holdings and Brake Parts. A copy of the Exhibit 1 to the Amended Complaint is attached as Exhibit 1 hereto. To the extent the following transfer amounts were received, those transfers were advance deposits against future shipments from Canada to Delphi, and not payment on account of antecedent debt from Delphi or DAS to the Affinia Companies:

<u>Transfer Dates</u>	<u>Transfer Amounts</u>
9/26/2005	\$650,000.00
9/21/2005	\$750,000.00
9/21/2005	\$400,000.00
9/15/2005	<u>\$750,000.00</u>
Total	\$2,550,000.00

14. Once Group received an advance deposit from Delphi, the advance deposit was transferred to Canada from Group, either directly or by applying a credit to an intercompany account between Canada and Group.

15. I make this Declaration under penalty of perjury.

  
\_\_\_\_\_  
Charles H. Mendeljian

Executed in \_\_\_\_\_  
on November 12-2010

ACTIVE.83812453

## **EXHIBIT 1**

EXHIBIT 1  
Delphi Automotive Systems, LLC v. Affinia Group Holdings Inc. and Brake Parts Inc.  
Adv. Pro. No. 07-02198 [RDO]

Adversity Proceeding No.	Transfer Recipient(s)	Contracting Entity/Entities	Obligor and Transferring Entity	Transfer Date	Transfer Amount	Purchase Order/Invoice Number/Amended Debt/Check Number	Purchase Order/Invoice Number	Transfer Type
07-02198	AFFINIA GROUP HOLDINGS INC	DAS LLC	DAS LLC	9/1/2005	\$ 3,025,474.84			CHECK
07-02198	AFFINIA GROUP HOLDINGS INC	DAS LLC	DAS LLC	9/26/2005	\$ 650,000.00	C2000042158		CHECK
07-02198	AFFINIA GROUP HOLDINGS INC	DAS LLC	DAS LLC	9/21/2005	\$ 750,000.00	C2000042046		CHECK
07-02198	AFFINIA GROUP HOLDINGS INC	DAS LLC	DAS LLC	9/21/2005	\$ 400,000.00	C2000042047		CHECK
07-02198	AFFINIA GROUP HOLDINGS INC	DAS LLC	DAS LLC	9/15/2005	\$ 750,000.00	C2000041810		CHECK
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	7/11/2005	\$ 29,886.00	HE025004920642001	INVOICE	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	7/11/2005	\$ 29,696.00	HE025004967331001	INVOICE	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	7/11/2005	\$ 29,696.00	HE025005001334001	INVOICE	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/2/2005	\$ 20,941.74	D0550028732	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/2/2005	\$ 26,115.71	D0550071589	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/2/2005	\$ 3,085.83	D0550074317	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/2/2005	\$ 10,728.77	D0550074415	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/2/2005	\$ 22,272.00	D0550038516	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/29/2005	\$ 3,601.48	D0550071714	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/29/2005	\$ 8,996.13	D0550071715	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	8/30/2005	\$ 8,651.65	D0550074317	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 3,619.56	D0550028732	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 1,384.46	D0550071589	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 30,211.82	D0550071714	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 18,055.17	D0550071715	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 1,234.24	D0550074317	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/2/2005	\$ 754.00	D0550074415	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/7/2005	\$ 18,560.00	D0550038516	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/23/2005	\$ 14,848.00	D0550038516	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/30/2005	\$ 6,551.40	D0550071714	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/30/2005	\$ 7,626.47	D0550071715	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/30/2005	\$ 13,178.31	D0550074317	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	9/30/2005	\$ 1,324.98	D0550074415	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/4/2005	\$ 7,673.12	D0550028732	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/4/2005	\$ 1,379.84	D0550071589	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/4/2005	\$ 11,785.38	D0550071714	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/4/2005	\$ 15,245.19	D0550071715	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/4/2005	\$ 19,807.69	D0550074317	PO	
07-02198	BRAKE PARTS INC	DAS LLC	DAS LLC	10/6/2005	\$ 7,424.00	D0550038516	PO	

Total Amount of Claims \$ 5,949,797.54